



Ninety-Ninth Legislature - First Session - 2005
Introducer's Statement of Intent
LB 411

Chairperson: Elaine Stuhr
Committee: Nebraska Retirement Systems
Date of Hearing: January 27, 2005

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 411 would make changes to the Nebraska School Employees Retirement System. Specifically, this proposal would modify Neb. Rev. Stat. §79-902(35)(a) for the purposes of determining retirement contributions, and §79-906 for the purpose of creating a self-reporting mechanism for school districts and school boards.

LB 411 changes the method of calculating compensation for members of the School Employees Retirement Plan who are not under a collective bargaining agreement. This measure is intended to address what has commonly been referred to as "salary spiking" by school employees in anticipation of termination of employment for purposes of retirement.

In the determination of compensation for members on or after July 1, 2005, LB 411 implements an annual compensation cap of 7% (for purposes of the retirement plan) for each of the last five years (60 months) of employment that precede actual retirement. This does not preclude an increase in compensation of greater than 7%, but no more than 7% would be counted toward calculation of retirement benefits in each of the last five years of employment.

The compensation cap would not apply to: (i) members who experience a substantial change in employment position (job or duty change); or, (ii) excess compensation occurring as the result of a collective-bargaining agreement between the employer and employee.

In addition, if a member receives a compensation increase that exceeds 7%, then the employing school district is required to inform the Public Employees Retirement Board that said member has received an increase exceeding the 7% cap.

Principal Introducer:

Elaine Stuhr, Chairperson
Committee on Nebraska Retirement Systems